

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF JESSAMINE-SOUTH	)	2025-00310
ELKHORN WATER DISTRICT	)	

ORDER

On September 19, 2025, Jessamine-South Elkhorn Water District (Jessamine-South Elkhorn District) tendered an application for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068.¹ On September 23, 2025, the Commission notified Jessamine-South District that its application was rejected for certain filing deficiencies. On October 3, 2025, Jessamine-South District submitted further documentation to correct the filing deficiencies, and the application was deemed filed as of October 3, 2025.

LEGAL STANDARD

In accordance with KRS 278.015, when a wholesale supplier selling water to a water district increases its rates, the water district has the authority to increase its rate commensurate with the wholesale supplier. The water district must file, within the statutory and regulatory deadlines, a copy of the notice from the wholesale supplier

¹ KRS 278.015: When a wholesale supplier selling water to a water district increases its rates, the water district shall have the authority to increase its rates. Within twenty (20) days after any such increase in rates, the district shall file its revised tariffs with the commission, together with a copy of the notice from its wholesale supplier showing the increase in the rate charged to the utility, and a statement of the volume of purchased water used to calculate the increase in rates. The commission shall approve the filing or establish revised rates by order no later than thirty (30) days after the above documents are filed with it. Prior to or at the time of the first billing of the new rates, the district shall give notice to its customers of the increase.

showing the increase in the wholesale rate, and a statement of the volume of purchased water used to calculate the rate adjustment. The Commission shall approve the filing by order after the above documents are filed.

DISCUSSION AND FINDINGS

Jessamine-South Elkhorn District purchases water from city of Nicholasville (Nicholasville), Kentucky-American Water (Kentucky-American), and the city of Wilmore (Wilmore). Nicholasville notified Jessamine-South Elkhorn District that its wholesale rate would increase from \$3.09 per 1,000 gallons to \$3.55 per 1,000 gallons, effective September 1, 2025.² Jessamine-South Elkhorn District proposes to increase the water rates to its customers effective September 1, 2025, to reflect the increased cost of purchased water from Nicholasville. No changes were proposed for the water rates charged by Kentucky-American and Wilmore.

Unaccounted-for Water Loss

Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes a utility's unaccounted-for water loss shall not exceed 15 percent of the total water produced and purchased, excluding water consumed by a utility in its own operations. In its 2022 Annual Report filed with the Commission, Jessamine-South Elkhorn District reported a water loss of 10.8341 percent.³ In its 2023 Annual Report filed with the Commission, Jessamine-South Elkhorn District reported a water loss of

² TFS2025-00327 (Ky. PSC July 23, 2025); Nicholasville submitted the tariff on July 23, 2025, and the tariff was accepted for filing by the Commission by letter dated August 27, 2025, with an effective date of September 1, 2025.

³ *Annual Report of Jessamine-South District to the Public Service Commission for the Year Ended December 31, 2022* at 57.

14.5634 percent.⁴ In its 2024 Annual Report filed with the Commission, Jessamine-South Elkhorn District reported a water loss of 10.2701 percent.⁵ Jessamine-South Elkhorn District's three-year water loss average is 11.8892 percent.⁶ The approximate annual cost of Jessamine-South Elkhorn District's water loss, based on a three-year average, is \$143,316.74.⁷ The Commission commends Jessamine-South Elkhorn District for keeping water loss below 15 percent and encourages it to continue to pursue actions to reduce its unaccounted-for water loss.

Financial Condition and Rates

Based on a review of Commission records, Jessamine-South Elkhorn District has not sought a base rate adjustment since Case No. 2022-00050.⁸ In that case, the Commission authorized an increase in Jessamine-South Elkhorn District's rates of \$214,944 or 8.56 percent.⁹ All other rate adjustment cases since Case No. 2022-00050 were a result of purchased water adjustments or treated sewage adjustments.

As documented in annual and audit reports filed with the Commission, Jessamine South Elkhorn District's financial snapshot for 2020 through 2024 is presented below. Rate based income (adjusted net income minus principal payments) was negative from

⁴ *Annual Report of Jessamine-South District to the Public Service Commission for the Year Ended December 31, 2023* at 57.

⁵ *Annual Report of Jessamine-South District to the Public Service Commission for the Year Ended December 31, 2024* at 57.

⁶ $10.8341\% + 14.5634\% + 10.2701\% = 35.6676 / 3 \text{ years} = 11.8892\%$.

⁷ Total water cost at new wholesale rate of \$1,205,436.36 times 11.8892% water loss equals \$143,316.74.

⁸ Case No. 2022-00050, *Application of Jessamine-South District for an Alternative Rate Adjustment* (Ky. PSC Sept 22, 2022), final Order.

⁹ See Case No. 2022-00050, (Ky. PSC Sept 22, 2022), final Order.

2020 through 2022 but was positive in 2023 and 2024 due to the rate increase from Jessamine-South Elkhorn District's last rate adjustment case. Cash basis income (rate-based income plus depreciation) was positive in all years.

Description / Year	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Annual Report 2024
<i>Adjusted Net Income</i>					
Net Income / (Loss) before Contributions	\$ 225,266	\$ (12,581)	\$ 238,316	\$ 523,589	\$ 448,794
Other Non-recurring Items ()	0	203,918	0	0	0
Adjusted Net Income / (Loss) before Contributions	\$ 225,266	\$ 191,337	\$ 238,316	\$ 523,589	\$ 448,794
Subtract: Principal Payments ()	(336,969)	(357,573)	(377,064)	(386,102)	(380,812)
Rate Based Income	\$ (111,703)	\$ (166,236)	\$ (138,748)	\$ 137,487	\$ 67,982
Add: Depreciation Expense	560,087	573,456	607,904	598,175	615,830
Cash Basis Income	\$ 448,384	\$ 407,220	\$ 469,156	\$ 735,662	\$ 683,812
Cash Basis Income as Percent of Depreciation	80%	71%	77%	123%	111%
Capital Spending	\$ 697,620	\$ 498,129	\$ 281,087	\$ 71,458	\$ 532,798
<i>Cash and Investments</i>					
Unrestricted Cash and Investments	\$ 1,162,199	\$ 1,404,204	\$ 1,570,941	\$ 2,269,555	\$ 2,752,389
Restricted Funds	356,217	307,818	332,905	361,816	545,116
Adjusted Cash Balances	1,518,416	1,712,022	1,903,846	2,631,371	3,297,505
Net Increase (Decrease) in Cash	\$ 133,305	\$ 193,606	\$ 191,824	\$ 727,525	\$ 666,134
<i>Selected Statistical Information (PSC Annual Reports)</i>					
Customer Count	3,145	3,160	3,187	3,281	3,302
Gallons Purchased	280,419	270,920	312,771	330,926	340,095
Gallons Sold	253,929	246,920	274,545	277,760	301,981
Gallons Used for Internal Use	3,501	4,015	4,340	4,972	3,186
Water Loss Gallons	23,266	19,985	33,886	48,194	34,928
System Use Percentage	1.2485%	1.4820%	1.3876%	1.5025%	0.9368%
Water Loss Percentage	8.2969%	7.3767%	10.8341%	14.5634%	10.2701%
Gallons Sold Per Customer Per Month	6,728	6,512	7,179	7,055	7,621
Revenues from Sale of Water Sales	\$ 2,552,344	\$ 2,512,854	\$ 2,782,185	\$ 3,152,187	\$ 3,192,835
Purchased Water Expense	842,097	810,891	985,110	1,014,381	1,128,714
Purchased Water Expense Over 15% Water Loss	0	0	0	0	0
Water Loss Expense Over 15% as Percentage of Water Revenue	0.00%	0.00%	0.00%	0.00%	0.00%

The Commission finds that Jessamine-South Elkhorn District should monitor its operating performance annually and file future rate cases no less than every three to five years, depending on financial performance, to ensure that its revenue is sufficient to support adequate and reliable service.

Purchased Water Adjustment Factor

In its application, Jessamine-South Elkhorn District proposed a purchased water adjustment factor of \$0.50 per 1,000 gallons. During the 12 months ended July 31, 2025, Jessamine-South Elkhorn District purchased 310,241,390 gallons of water from

Nicholasville, 20,981,151 gallons of water from Kentucky-American, 16,848 gallons of water from Wilmore, and sold 289,816,054 gallons of water to its customers. The increase in the cost of purchased water from Nicholasville is \$142,711.03,¹⁰ resulting in a purchased water adjustment factor of \$0.50 per 1,000 gallons.

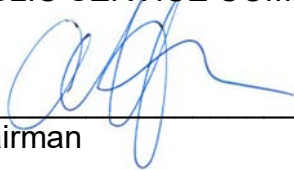
The purchased water adjustment factor of \$0.50 per 1,000 gallons, as calculated in Appendix A and the rates as set forth in Appendix B to this Order are fair, just and reasonable and should be approved for water service rendered by Jessamine-South Elkhorn District on and after September 1, 2025, because the rates are supported by evidence of the increase in rates from Jessamine-South Elkhorn District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

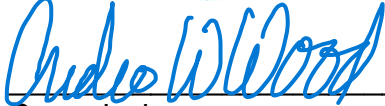
IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.50 per 1,000 gallons is approved.
2. The rates proposed by Jessamine-South Elkhorn District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Jessamine-South Elkhorn District on and after September 1, 2025.
4. Within 20 days of the date of service of this Order, Jessamine-South Elkhorn District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.
5. This case is closed and removed from the Commission's docket.

¹⁰ Nicholasville calculated an increase in the cost of purchased water of \$142,711.28. The \$142,711.03 amount is calculated with more precise rounding.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director





APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00310 DATED OCT 31 2025

	Base Rate	New Rate	Change
<u>Kentucky American Water</u>			
Purchases in Gallons	20,981,151	20,981,151	
Rate per 1,000 Gallons	<u>\$4.95/1,000</u>	<u>\$4.95/1,000</u>	
Subtotal	\$103,856.70	\$103,856.70	no change
<u>City of Nicholasville</u>			
Purchases in Gallons	310,241,390	310,241,390	
Rate per 1,000 Gallons	<u>\$3.09/1,000</u>	<u>\$3.55/1,000</u>	
Sub-total	\$958,645.90	\$1,101,356.93	\$142,711.03
<u>City of Wilmore</u>			
Purchases in Gallons	16,848	16,848	
Rate per 1,000 Gallons	<u>\$13.22/1,000</u>	<u>\$13.22/1,000</u>	
Sub-total	\$222.73	\$222.73	no change
Total	\$1,062,725.33	\$1,205,436.36	
Increased water cost			\$142,711.03
Increased water cost		\$142,711.03	
Divided by Gallons sold/1,000		<u>289,816,054</u>	
Purchased water adjustment factor		\$0.4924	per 1,000 Gallons
		or \$ 0.00050	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00310 DATED OCT 31 2025

The following rates and charges are prescribed for the customers in the area served by Jessamine-South Elkhorn Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8-Inch Meter

First	2,000 Gallons	\$30.82	Minimum Bill
Next	2,000 Gallons	0.00926	Per Gallon
Next	2,000 Gallons	0.00915	Per Gallon
Next	10,000 Gallons	0.00904	Per Gallon
Next	8,000 Gallons	0.00894	Per Gallon
Over	24,000 Gallons	0.00884	Per Gallon

1-Inch Meter

First	10,000 Gallons	\$103.80	Minimum Bill
Next	6,000 Gallons	0.00904	Per Gallon
Next	8,000 Gallons	0.00894	Per Gallon
Over	24,000 Gallons	0.00884	Per Gallon

2-Inch Meter

First	24,000 Gallons	\$229.57	Minimum Bill
Over	24,000 Gallons	0.00884	Per Gallon

***\$6.50/per month Surcharge on all Southeast customers

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